

IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF DELAWARE

IN RE: FANSTEEL INC., ET AL., ¹)	
)	
Fansteel Inc.,)	
)	
Plaintiff,)	Civil Action No. 04-549 (JJF)
)	
v.)	
)	
H.C. Starck, Inc.,)	
)	Adversary Case No. 04-51099
Defendant.)	Bankruptcy Case No. 02-10109 (JJF)

Objection Deadline: March 9, 2005 at 4:00 p.m. Eastern Time
Hearing Date: TBD, if necessary

NOTICE OF SETTLEMENT OF AVOIDANCE ACTION

Plaintiff. Fansteel, Inc., Reorganized Debtor (hereinafter referred to as "Plaintiff"), files this Notice of Settlement of Avoidance Action (the "Notice"). A proposed Mutual Settlement Agreement and Release (the "Settlement Agreement") was entered into by Plaintiff and H. C. Starck, Inc. (hereinafter referred to as "Defendant"), on March 1, 2005, a copy of which is attached hereto, which Settlement Agreement provides, *inter alia*, the following:

¹ The Reorganized Debtors are the following entities: Fansteel Inc. and Wellman Dynamics Corp.

Name of Defendant:	H.C. Starck, Inc.
Civil Action No.:	04-549
Complaint Amount:	\$513,092.29, \$428,994.54 on antecedent debt
Credit for New Value:	\$407,064.04
Net Preference Claim¹:	\$21,930.50
Settlement Amount:	\$10,000 cash and waiver of § 502(h) claim
Settlement is 66% of the Net Preference Claim	
Special Circumstances (If Necessary): COD issues also present.	

Plaintiff submits that the above Settlement Agreement is the product of arm's-length negotiations between Plaintiff and Defendant. The Settlement Agreement represents a favorable resolution of Plaintiff's claims and results in a cash payment and claim waiver to Plaintiff for the benefit of creditors. Accordingly, Plaintiff further submits that the Settlement Agreement is fair and reasonable, is in the best interest of the creditors, and is the result of the exercise of sound business judgment.

If you object to the terms of the settlement, you are required to file an objection to this Settlement Agreement on or before March 9, 2005 at 4:00 p.m.

THIS NOTICE IS SUBMITTED ON NEGATIVE NOTICE. ANY PARTY OBJECTING TO THE RELIEF REQUESTED HEREIN SHALL MAKE ITS OBJECTION KNOWN BY FILING AN OBJECTION TO THE PROPOSED SETTLEMENT, SERVED UPON THE UNDERSIGNED AND FILED WITH THE COURT NO LATER THAN FIVE (5) BUSINESS DAYS AFTER DELIVERY HEREOF. A HEARING ON THE NOTICE WILL BE HELD AT A TIME TO BE DETERMINED BY THE COURT ONLY IF A TIMELY

¹ The term "*net preference claim*" as used herein means the total preference period transfers made to a creditor, less the value to the Plaintiff of subsequent extensions of credit ("new value").


OBJECTION IS FILED. IF NO SUCH OBJECTIONS ARE FILED, THE SETTLEMENT WILL BE DEEMED APPROVED WITHOUT FURTHER ORDER OF THE COURT.

Dated: March 2, 2005

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AND

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